



CITY COUNCIL AGENDA REPORT

MEETING DATE: January 5, 2004

ITEM NUMBER:

SUBJECT: FISCAL YEAR 2003-04 USER FEES AND CHARGES

DATE: December 10, 2003

FROM: FINANCE DEPARTMENT /FINANCIAL PLANNING DIVISION

PRESENTATION BY: MARC R. PUCKETT, DIRECTOR OF FINANCE

FOR FURTHER INFORMATION CONTACT: AGNES T. WALKER, (714) 754-5241

RECOMMENDED ACTION

1. Provide direction on vacation/abandonment application fee per attached memo from Public Services Director William Morris, marked Exhibit B.
2. Adopt Resolution approving the Fiscal Year 2003-2004 User Fees and Charges (per Exhibit A) to include action on item 1.

BACKGROUND

In the past, the City updated its user fees and charges on an annual basis. The last update was implemented on August 1, 2002.

User fees and charges represent a significant and growing portion of local government revenue. As competition for tax resource allocation increases and interest in privatization of public services grows, fees and charges will continue to assume a larger role in the diversification of municipal revenue sources.

User fees and charges are considered “beneficiary charges” which are defined as payments made by consumers in direct exchange for government services received. User fees and charges are payments for publicly provided services that benefit individuals and exhibit “public good” characteristics. They include fees such as recreational fees (established by the Parks Commission), building permit fees and public protection false alarm fees.

The California Constitution allows municipalities to recover the “costs reasonably borne” for all services provided to the community. The fee schedule, as recommended, was calculated based on current average labor cost to provide the service, including allowable materials or overhead costs. The proposed fees also consider similar fees charged in the municipal marketplace. In no instance does a user fee suggested for FY 2003-04 exceed the total cost of providing those services for which the fee is charged.

The attached Exhibit “A” for the Fiscal Year 2003-2004 User Fees and Charges include all existing fees and charges. No new fees are recommended.

ANALYSIS

In evaluating and determining the proposed new fees and adjustments to the existing ones, staff considered the following:

- Services and activities appropriate for the user fee structure were identified.
- Cost data were collected using current salary/fringe benefit rates and estimated overhead rates.
- Each department providing that service reviewed how the service is delivered for possible streamlining so that the cost to provide each service could be reduced to the lowest level possible.

ALTERNATIVES CONSIDERED

The City's practice has been to update the City's user fees and charges on a periodic basis in order to keep pace with the costs of providing services. The Council could choose not to update the user fees and charges and leave the current rates in place.

FISCAL REVIEW

If Council approves the new user fees and charges, additional revenue may be generated for the General Fund. The potential increase cannot be determined at this time depending on the level of participation by the users of those services, and the degree that City facilities are used by fee-supported events. However, given the total adopted Fiscal Year 2003-2004 estimated revenues for user fees and charges, a 2% (aggregate) increase could result in additional revenue of \$105,000.

LEGAL REVIEW

The City Attorney has reviewed and approved the resolution as to form.

AGNES T. WALKER
Budget & Research Officer

MARC R. PUCKETT
Director of Finance

Attachment(s): Exhibit "A" – – Schedule of User Fees and Charges for FY 03-04
 [Pages 1-17 - Schedule of User Fees](#)
 [Pages 18-26 - Glossary of User Fees](#)
 [Exhibit "B" – Memo from Public Services Director, William Morris](#)
 [Resolution Fiscal Year 2003-2004 User Fees and Charges](#)

Distribution: City Manager
 Department Heads